

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets June 30, 2009 and March 31, 2009

[Millions of yen]

	June 30, 2009	March 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	82,475	85,753
Notes and accounts receivable-trade	162,666	171,835
Lease receivables and investment assets	14,080	13,598
Short-term investment securities	71,500	48,000
Inventories	116,908	129,160
Deferred tax assets	29,010	25,326
Accounts receivable-other	14,812	16,531
Other	15,069	19,463
Allowance for doubtful accounts	△4,536	△4,749
<b>Total current assets</b>	<b>501,987</b>	<b>504,919</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	70,414	71,937
Machinery, equipment and vehicles, net	66,292	69,726
Tools, furniture and fixtures, net	26,814	26,875
Land	35,020	35,033
Lease assets, net	340	196
Construction in progress	10,880	11,522
Assets for rent, net	12,666	12,568
<b>Total property, plant and equipment</b>	<b>222,430</b>	<b>227,860</b>
<b>Intangible assets</b>		
Goodwill	78,774	81,374
Other	29,263	30,248
<b>Total intangible assets</b>	<b>108,038</b>	<b>111,623</b>
<b>Investments and other assets</b>		
Investment securities	21,273	18,068
Long-term loans receivable	446	461
Long-term prepaid expenses	3,237	3,438
Deferred tax assets	37,790	39,608
Other	12,668	12,596
Allowance for doubtful accounts	△ 855	△519
<b>Total investments and other assets</b>	<b>74,560</b>	<b>73,654</b>
<b>Total noncurrent assets</b>	<b>405,028</b>	<b>413,138</b>
<b>Total assets</b>	<b>907,016</b>	<b>918,058</b>

	June 30, 2009	[Millions of yen] March 31, 2009
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	66,985	87,105
Short-term loans payable	76,658	64,980
Current portion of long-term loans payable	7,199	12,102
Current portion of bonds	30,041	30,066
Accounts payable-other	33,980	36,443
Accrued expenses	26,526	27,770
Income taxes payable	2,792	2,534
Provision for bonuses	6,608	11,736
Provision for directors' bonuses	53	85
Provision for product warranties	1,979	2,496
Provision for loss on business liquidation	6,613	7,268
Notes payable-facilities	2,004	2,444
Other	25,148	25,853
<b>Total current liabilities</b>	<b>286,591</b>	<b>310,889</b>
<b>Noncurrent liabilities</b>		
Bonds payable	40,000	40,000
Long-term loans payable	99,141	83,259
Deferred tax liabilities for land revaluation	3,889	3,889
Provision for retirement benefits	59,341	57,962
Provision for directors' retirement benefits	387	534
Other	6,990	7,238
<b>Total noncurrent liabilities</b>	<b>209,751</b>	<b>192,884</b>
<b>Total liabilities</b>	<b>496,343</b>	<b>503,773</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	180,442	185,453
Treasury stock	△1,664	△1,662
<b>Total shareholders' equity</b>	<b>420,437</b>	<b>425,451</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	1,539	△513
Deferred gains or losses on hedges	△24	198
Foreign currency translation adjustment	△12,251	△11,755
<b>Total valuation and translation adjustments</b>	<b>△10,735</b>	<b>△12,070</b>
Subscription rights to shares	504	460
Minority interests	465	444
<b>Total net assets</b>	<b>410,673</b>	<b>414,284</b>
<b>Total liabilities and net assets</b>	<b>907,016</b>	<b>918,058</b>

(2) Consolidated Statements of Income  
First quarters ended June 30, 2008 and 2009

	[Millions of yen]	
	Three months (April 1 to June 30)	
	Apr-Jun 2008	Apr-Jun 2009
Net sales	255,139	189,439
Cost of sales	135,208	109,764
Gross profit	119,931	79,675
Selling, general and administrative expenses	95,453	80,265
Operating income	24,478	△589
Non-operating income		
Interest income	939	440
Dividends income	341	187
Equity in earnings of affiliates	31	—
Foreign exchange gains	2,490	1,413
Other	1,912	1,531
Total non-operating income	5,714	3,572
Non-operating expenses		
Interest expenses	1,346	1,038
Equity in losses of affiliates	—	33
Other	907	1,308
Total non-operating expenses	2,254	2,380
Ordinary income	27,938	602
Extraordinary income		
Gain on sales of noncurrent assets	77	37
Gain on sales of investment securities	3	—
Gain on sales of subsidiaries and affiliates' stocks	2,803	—
Gain on transfer of business	3,063	—
Reversal of provision for loss on business liquidation	0	464
Other extraordinary income of foreign subsidiaries	—	598
Total extraordinary income	5,948	1,100
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	495	226
Loss on sales of investment securities	—	13
Loss on valuation of investment securities	24	212
Impairment loss	30	0
Business structure improvement expenses	629	846
Loss on revision of retirement benefit plan	1,951	—
Total extraordinary losses	3,130	1,299
Income before income taxes and minority interests	30,756	403
Income taxes	13,134	119
Minority interests in loss	△6	△15
Net income	17,628	299

(3) Consolidated Statements of Cash Flow  
 First quarters ended June 30, 2008 and 2009

[Millions of yen]

Three months (April 1 to June 30)

Apr-Jun 2008 Apr-Jun 2009

<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	30,756	403
Depreciation and amortization	16,168	15,350
Impairment loss	30	0
Amortization of goodwill	1,715	2,385
Increase (decrease) in allowance for doubtful accounts	385	—
Interest and dividends income	△1,280	△627
Interest expenses	1,346	1,038
Loss (gain) on sales and retirement of noncurrent assets	417	188
Loss (gain) on sales and valuation of investment securities	20	225
Loss (gain) on sales and valuation of subsidiaries affiliates stocks	△2,803	—
Loss (gain) on transfer of business	△3,063	—
Reversal of loss on business liquidation	△0	—
Business structure improvement expenses	629	—
Loss on revision of retirement benefit plan	1,951	—
Increase (decrease) in provision for bonuses	—	△5,158
Increase (decrease) in provision for retirement benefits	2,697	1,301
Increase (decrease) in provision for loss on business liquidation	△1,289	△655
Decrease (increase) in notes and accounts receivable-trade	21,762	11,727
Decrease (increase) in inventories	△6,526	13,409
Increase (decrease) in notes and accounts payable-trade	△15,912	△22,393
Transfer of assets for rent	△1,392	△1,795
Decrease (increase) in accounts receivable-other	—	1,682
Increase (decrease) in accounts payable-other and accrued expenses	—	△2,833
Increase (decrease) in deposits received	—	3,034
Decrease/increase in consumption taxes receivable/payable	—	3,794
Increase (decrease) in accrued consumption taxes	△548	—
Reversal of accumulated impairment loss on leased assets	△41	—
Other, net	△4,380	△5,690
Subtotal	<u>40,642</u>	<u>15,389</u>
Interest and dividends income received	1,340	773
Interest expenses paid	△1,286	△990
Payments for extra retirement payments	△105	—
Income taxes paid	<u>△18,365</u>	<u>△888</u>
Net cash provided by (used in) operating activities	<u>22,225</u>	<u>14,284</u>

[Millions of yen]  
 Three months (April 1 to June 30)

	Apr-Jun 2008	Apr-Jun 2009
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	△13,366	△8,112
Proceeds from sales of property, plant and equipment	236	116
Purchase of intangible assets	△1,741	△1,075
Proceeds from transfer of business	4,585	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,177	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△23,954	—
Payments of loans receivable	△3	△1
Collection of loans receivable	47	83
Purchase of investment securities	△150	△1
Proceeds from sales of investment securities	4	15
Payments of valuation of other investments	△383	△291
Other, net	35	122
<b>Net cash provided by (used in) investing activities</b>	<b>△31,512</b>	<b>△9,143</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	△14,656	10,217
Proceeds from long-term loans payable	416	16,095
Repayment of long-term loans payable	△2,000	△5,126
Repayments of lease obligations	△865	△443
Proceeds from sales of treasury stock	3	2
Purchase of treasury stock	△66	△11
Cash dividends paid	△3,859	△5,305
Cash dividends paid to minority shareholders	△268	—
<b>Net cash provided by (used in) financing activities</b>	<b>△21,297</b>	<b>15,427</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>2,074</b>	<b>△321</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>△28,510</b>	<b>20,246</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>122,187</b>	<b>133,727</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>498</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>94,175</b>	<b>153,973</b>

#### (4) Notes Regarding Assumptions Related to Continuing Companies

The first quarter for fiscal year ending March/2010 (April 1, 2009, to June 30, 2009): None

#### (5) Segment Information

##### [1] Business Segment

##### 1Q March/2009 (From April 1, 2008 to June 30, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	166,714	51,056	31,288	2,360	3,719	255,139	-	255,139
Intersegment	1,063	245	502	189	14,487	16,488	(16,488)	-
Total	167,777	51,302	31,790	2,549	18,207	271,627	(16,488)	255,139
Operating expenses	150,630	42,453	30,372	2,352	17,746	243,556	(12,894)	230,661
Operating income	17,146	8,848	1,418	197	460	28,071	(3,593)	24,478

##### 1Q March/2010 (From April 1, 2009 to June 30, 2009)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	127,220	33,990	23,727	1,408	3,093	189,439	-	189,439
Intersegment	741	165	276	210	11,170	12,564	(12,564)	-
Total	127,961	34,155	24,004	1,619	14,264	202,004	(12,564)	189,439
Operating expenses	127,716	32,493	23,173	1,819	13,813	199,016	(8,987)	190,029
Operating income (loss)	244	1,662	830	(200)	450	2,987	(3,577)	(589)

##### Notes:

1. Business classification is based on similarity of product type and market. The Group's operations are classified into the five segments of Business Technologies, Optics, Medical and Graphic Imaging, Sensing, and other businesses.
2. Principal products in business segments

Business Segment	Principal Products
Business Technologies	MFPs, printers, etc.
Optics	Optical devices, electronics materials, etc.
Medical and Graphic Imaging	Medical products, graphic imaging products, etc.
Sensing	Industrial-use and medical-use measuring instruments, etc
Other businesses	Products other than the above

3. Operating expenses not able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥7,602 million and ¥7,307 million for 1Q March/2009 and 1Q March/2010 respectively.